

VZCZCXYZ0019  
OO RUEHWEB

DE RUEHQT #1275/01 1441847  
ZNR UUUUU ZZH  
O 241847Z MAY 06  
FM AMEMBASSY QUITO  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 4391  
INFO RUEHC/DEPT OF LABOR WASHDC PRIORITY  
RUEHBO/AMEMBASSY BOGOTA 5631  
RUEHCV/AMEMBASSY CARACAS 1751  
RUEHLP/AMEMBASSY LA PAZ MAY LIMA 0600  
RUEHGL/AMCONSUL GUAYAQUIL 0499  
RUEHGV/USMISSION GENEVA 0334

UNCLAS QUITO 001275

SIPDIS

SENSITIVE  
SIPDIS

DEPT FOR WHA/AND, WHA/PPC, EB, AND DRL/IL. USDOL FOR CARLOS ROMERO. GENEVA FOR JOHN CHAMBERLIN. PLEASE PASS USTR FOR V. LOPEZ, L.KARESH, AND B. HARMON.

E.O. 12958: N/A

TAGS: [ELAB](#) [PGOV](#) [EC](#)

SUBJECT: LABOR MINISTRY PRIORITIZES TRIPARTITE DIALOGUE AND COMBATING CHILD LABOR

¶1. (U) Summary: Minister of Labor Galo Chiriboga and Vice Minister of Labor Jose Serrano outlined the four main goals of the Ministry of Labor (MOL): combating child labor, tripartite dialogue, modernization of the MOL, and combating employment discrimination. President Palacio recently signed a decree to make child labor inspectors permanent employees of the MOL beginning June this year. Chiriboga claimed that fruitful dialogue in the tripartite National Labor Council recently resulted in consensus on the bulk of draft subcontracting law. He hoped the same positive atmosphere would prevail during discussions of a wholesale labor code reform. The Ministry expects to receive a first draft of the new labor code from ILO expert Enrique Marin in mid-July and hopes the law will be approved by Congress by December. The subcontracting law is still stuck in Congress over disagreements over the scope of the law. Should those differences be resolved, prospects for deeper labor reforms will improve. End Summary.

Combating Child Labor A Top Priority

¶2. (U) Chiriboga told us in a May 18 meeting that President Palacio had signed a decree in late April creating budget line items to make child labor inspectors permanent employees of the MOL beginning in June 2006. Currently, the MOL employs 21 inspectors. However, Chiriboga said there are now line items for 35 employees in the child labor division to include 25 inspectors, 5 administrative staff, and five technical staff. The MOL is also carrying out a child labor awareness campaign with radio spots and will begin television spots in June using members of Ecuador's World Cup-qualified national soccer team, Olympian Jefferson Perez, and local rock group "Rockola Bacalao." The MOL has also implemented a program to eliminate child labor in the public markets in the city of Manta.

¶3. (U) According to the MOL's child labor division, in March of this year the MOL stepped up inspections in construction and bricklaying. During January and February no child labor inspections were carried out because the inspectors were being trained in new inspection procedures and forms. Chiriboga has institutionalized the inter-agency child labor council (CONEPTI) which now has its own offices and a technical secretary. The Secretary of CONEPTI, Lenin Herrera, told press that inspections have allowed CONEPTI to

identify sectors with the highest rates of child labor.

¶4. (U) Chiriboga said the Ministry is formulating a list of prohibited work for children and some other definitions related to the child code. A law passed in March harmonized the child code and the labor code by setting the minimum age for legal work at 15 and imposing higher fines for child labor violations.

#### New Labor Code To Be Discussed in Tripartite Forum

-----

¶5. (U) Serrano said the MOL has worked hard to strengthen tripartite (business-labor-government) dialogue in the National Labor Council, with its greatest achievement so far being the near-consensus reached on the subcontracting law. Business and labor ultimately agreed on all but two key articles in the bill. Serrano said he expected the law to be voted on in Congress in the next 15 days. Serrano said the MOL was satisfied with the law and hoped for its passage. The one point holding up the subcontracting law in the Congress is the article which describes the permissible scope for the use of subcontracting by employers. The Council did not reach agreement on the maximum percentage of workers that can be subcontracted, with workers wanting the maximum set at 40 percent, and business wanting it set at 60 percent. He thought a compromise could be reached.

¶6. (U) Serrano said that, provided the subcontracting law passes, the National Labor Council would become the main forum to discuss labor code reforms for Ecuador. Serrano said he was expecting ILO expert Enrique Marin to deliver a first draft of a new labor code to the National Labor Council by July 15. Chiriboga said the labor code would likely

require two months of discussion and negotiation in the National Labor Council before being submitted to Congress. Ideally, the law would pass Congress by December. He hoped the ILO could play a facilitating role crafting consensus in the National Labor Council. Serrano requested USAID assistance to conduct workshops about the new labor code for the National Labor Council and funds to hire experts to advise business and labor. The toughest issues to reach consensus on, according to Serrano, would be: profit sharing, company retirement, collective bargaining, the 30 person minimum to form a union, hourly work, and, if still pending, subcontracting. Serrano also asked for USAID's assistance to implement the new labor code, once approved.

#### Modernization a Top Priority

-----

¶7. (U) According to Chiriboga, the MOL has worked hard, with assistance from USAID, to modernize its labor inspections procedures. Chiriboga believes that an efficient computer system could help catch labor irregularities and make the inspections system more efficient. The MOL is also working with the ILO on a project to systematize the information gathered in inspections. Chiriboga said the MOL had been working to update its website and make it more useful.

#### Combating Discrimination in Hiring

-----

¶8. (U) Chiriboga told us the MOL will launch a program to increase youth employment with the ILO in July. In order to improve job prospects for youth, Chiriboga said the Ministry had recently signed an agreement with 50 universities to create a job bank to match students with job market needs. Other priorities have been eliminating discrimination in hiring of women, indigenous, Afro-Ecuadorians, and persons with disabilities. Chiriboga is also promoting a law to prevent discrimination against those with HIV/AIDS and promote prevention of the disease. The MOL is drafting regulations for a new law to increase the hiring of persons with disabilities.

Comment

-----  
19. (SBU) Chiriboga is committed to improving the Ministry and worker rights and has taken significant steps forward on combating child labor and promoting tripartite dialogue. The institutional strengthening Chiriboga is promoting will help in the implementation of any new labor laws. Labor code reform will be significantly more contentious than the subcontracting law and it is likely discussions of the labor code in the tripartite council would extend beyond two months. Without a signed FTA it is unlikely Chiriboga has the political strength to lobby the Congress for the new labor code. While business had understood the need for labor reform in order to gain passage of a U.S.-Ecuador FTA, the elimination of the prospect for an FTA probably dooms prospects for comprehensive labor reform.

JEWELL